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## Agenda Item 19a

December 14, 2011

### TO: MEMBERS OF THE BOARD OF ADMINISTRATION

- I. **SUBJECT:** Board Governance Project – Board Committee Delegations (Second Reading)
- II. **PROGRAM:** Board Governance
- III. **RECOMMENDATION:** Approve the Board Committee Delegation Resolutions.

### IV. ANALYSIS:

In September and October 2011, the Board approved governance changes to strengthen accountability, efficiency, and effectiveness as part of the Board Governance Project. The Board approved a new committee structure incorporating the attached Powers Reserved for the Board and its committees (Attachment 1). There are a total of 80 Powers Reserved for the Board, with 65 powers delegated to the appropriate committees and 15 powers remaining the responsibility of the Board.

At the November 2011 Board of Administration meeting staff provided a first reading of the proposed committee delegations. Additional language, presented in red and underlined text, is being proposed to the Pension and Health Benefits Committee delegation (Attachment 2) and Performance and Compensation Committee delegation (Attachment 3) as follows:

**Pension and Health Benefits Committee:** The Pension and Health Benefits Committee has the authority to approve actuarial valuations and employer rate setting. Additional language is being proposed to clarify that this authority also includes the authority to approve reserve levels.

**Performance And Compensation Committee:** While the Powers Reserved changed the existing authority of the Performance and Compensation Committee to overseeing compensation setting, language is being proposed to authorize the Performance and Compensation Committee to approve the setting of salary ranges and incentive compensation ranges of all employees covered by Government Code section 20098. Language is also being proposed to clarify that the Performance and Compensation Committee has oversight authority over salaries and other compensation of these employees (except the CEO and CIO).

In addition to the Pension and Health Benefits Committee and Performance and Compensation Committee delegations, the following delegations form the foundation for implementing the new committee structure in early 2012:

- Board Governance (Attachment 4);
- Finance and Administration (Attachment 5);
- Investment (Attachment 6); and
- Risk and Audit (Attachment 7).

#### **V. RISKS:**

Failure to approve the revised Board Committee Delegations may result in unclear roles, responsibilities, and authority between the Board, its committees, and the staff, resulting in decreased accountability for conducting Board business. In addition, the current Board Committee Delegations are not in alignment with the new committee structure and Powers Reserved adopted by the Board.

#### **VI. STRATEGIC PLAN:**

These Board Governance Initiatives support the following Strategic Plan Goals:

- Goal II – Foster a work environment that values quality, respect, diversity, integrity, openness, communication, and accountability; and
- Goal III – Sustain a high performance work culture utilizing staff development, technology, and innovative leadership and management strategies.

#### **VII. RESULTS/COSTS:**

The proposed delegation resolutions will implement the governance decisions made by the Board and will result in increased accountability and transparency in Board governance. No new costs will be incurred in adopting the delegations.

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PETER H. MIXON  
General Counsel

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ANNE STAUSBOLL  
Chief Executive Officer